

FAQS FOR THE 2012 BONUS

1. What bonus is approved?

A 3% of base salary lump-sum payment on December 1, 2012

ELIGIBILITY

2. Who is eligible for the bonus?

All salaried employees (classified, at-will, and faculty) in the Executive branch and other salaried employees of the Commonwealth, except elected officials, who:

- a. Were employed in salaried positions on April 1, 2012 and remain employed in salaried positions until at least November 24, 2012;*
- b. Attained a performance evaluation rating of at least "Contributor" for the performance cycle October 25, 2011 through October 24, 2012; and*
- c. Had no Standards of Conduct written notices issued during the performance cycle October 25, 2011 through October 24, 2012.*

3. Are part time salaried employees eligible for the bonus?

Yes. The bonus will be based on their part time salary.

4. Will employee performance affect eligibility for the bonus?

Yes. Employees must receive a performance evaluation rating of at least "Contributor" for the performance cycle ending October 24, 2012 in order to be eligible for the bonus payment. In addition, employees must not have received any written notices under the Standards of Conduct during the performance cycle October 25, 2011 through October 24, 2012 in order to be eligible for the bonus payment.

5. If an employee receives a written notice during the performance cycle October 25, 2011 through October 24, 2012 and the written notice is overturned due to agency action or grievance hearing, is the employee eligible for the bonus?

Yes, provided that the employee also receives a performance rating of at least "Contributor" for the performance cycle October 25, 2011 through October 24, 2012.

6. If an employee receives a written notice during the performance cycle October 25, 2011 through October 24, 2012 and the written notice is overturned due to agency action or grievance hearing after December 1, 2012, will the employee receive the bonus at a later date?

Yes, provided that the employee also receives a performance rating of at least "Contributor" for the performance cycle October 25, 2011 through October 24, 2012.

- 7. If an employee receives a written notice prior to October 25, 2011 but the written notice is active during the performance cycle October 25, 2011 through October 24, 2012, is the employee eligible for the bonus?**

Yes, provided that the employee also receives a performance rating of at least "Contributor" for the performance cycle October 25, 2011 through October 24, 2012.

- 8. If an employee commits an offense prior to October 25, 2011 but the written notice is issued on or after October 25, 2011, is the employee eligible for the bonus?**

No. A written notice issued during the performance cycle October 25, 2011 through October 24, 2012 excludes the employee from eligibility for the bonus.

- 9. How does an agency handle probationary employees who have been disciplined for violation of a standard of conduct but who, because of their probationary status, have not been given written notices?**

Probationary employees may not be issued written notices under Policy 1.60, Standards of Conduct. If the probationary employee is retained by the agency and receives a performance evaluation rating of at least "Contributor," s/he will receive the bonus.

- 10. May agencies elect to pay the bonus to hourly employees?**

Agencies are not authorized to provide the November 30, 2012 bonus to wage employees.

- 11. How much is the bonus?**

The bonus is 3% of an employee's annual base pay rate that is in effect on November 24, 2012.

- 12. Are employees whose salaries are at or above the maximum of their pay bands eligible for the bonus?**

Yes, provided that they meet the eligibility criteria.

- 13. Are employees separating or retiring on December 1, 2012, (i.e. the last day of employment is November 24 through November 30, 2012) eligible for the bonus?**

Yes, provided that they meet the eligibility criteria. Employees working through November 24, 2012 have met the requirement to remain employed through at least November 24, 2012 in order to be eligible to receive the bonus.

- 14. If someone is hired as a wage employee on or before April 1, 2012, becomes a classified employee after April 1 but before December 1, and remains employed through at least November 24, is s/he eligible to receive the bonus?**

No, the employee must have been salaried on April 1, 2012 and remain salaried through November 24, 2012.

- 15. If an employee separates from state service after April 1, 2012 and is reemployed by the same or a different agency before November 24, 2012, is he or she eligible for the bonus?**

No. A break in service between April 1, 2012 and November 24, 2012 disqualifies the employee for the bonus payment. NOTE: Be sure that the state begin date is correct for any

employee who transfers from a non-PMIS agency into a PMIS agency during this time period.

PAYMENT

16. When will the bonus be paid?

The bonus will be paid on November 30, 2012.

17. How will the bonus be paid? Will there be a separate paycheck for the bonus?

The bonus will be included in the December 1, 2012 paycheck, which will be issued on November 30, 2012. There will be no separate check.

18. Is the bonus calculated on base pay or total state pay?

Bonus payments will be based on each employee's base salary in effect on November 24, 2012. For this purpose, base salary is that part of the employee's annual compensation that is creditable for contributions to the Virginia Retirement System. Bonus payments for full-time and part-time salaried employees will be rounded up or down to the nearest dollar (e.g., .5 and above rounds up).

Agencies will need to adjust bonus amounts manually on payroll records for any employees whose salaries change (effective November 24, 2012 or earlier) after the November 16, 2012 PMIS file extract.

19. How can employees estimate their bonus payment?

The amount of the bonus is calculated by multiplying the annual base salary rate that is in effect on November 24, 2012, by 0.03. Remember that the income tax withholding and social security amounts will be subtracted from this amount.

20. How can employees determine their base pay?

This information is available in your online [Employee Direct Account](#) or from your agency human resource office.

21. Is Temporary Pay included in the bonus calculation?

No.

22. Is overtime pay included in the bonus calculation?

No, overtime pay and other supplements are not included.

23. Do "non-state salary" supplements count toward the calculation of the 3%?

Yes. The bonus payment may include non-state salary to the extent that the non-state fund source agrees to pay for its portion. Agencies will need to determine manually any adjustments to employees' bonus amounts based on non-state salaries.

24. Do special rates count toward the calculation of the 3%?

Yes. Special rates that are always included in the employee's pay, such as for permanent assignment to a late shift, are considered creditable compensation and will be included in the bonus calculation.

25. What tax rate will be applied to the November 30 paycheck?

The tax withheld from the bonus payment depends on your tax bracket. The Internal Revenue Service (IRS) provides tables used in payroll calculations to determine the amount withheld for federal taxes. Because the bonus amount will be added to the regular semi-monthly pay amount and taxed as one lump sum, it is possible a different tax rate will be used for this payment. Contact the Payroll Office of your employing agency for instructions.

26. How is base pay affected by the bonus?

There will be no change in base pay as a result of this one-time bonus payment.

PAYMENT ALTERNATIVES

27. Can employees choose an equivalent value of paid time off?

No.

28. Can all or part of the bonus be deposited into Deferred Compensation?

Yes. Employees who receive a bonus payment and who participate in a 403(b) or 457 Plan may contribute some or all of the bonus to their Plan in order to defer most of the state and federal income tax. Contact the Payroll Office of your employing agency for instructions.

29. What is the process for contributing the bonus payment to the 457 Deferred Compensation Plan?

Employees who receive a bonus payment on November 30, 2012 and who participate in the state's 457 Plan may contribute some or most of the bonus to their Plan in order to defer state and federal income tax on the bonus. To contribute their bonuses to the Plan, currently enrolled participants must submit to their payroll office, by October 31, 2012, a Payroll Authorization One-Time Deferral form available on the Plan Web site, at www.varetire.org.

Under the Defined Contribution Plan tab, select the 457 Deferred Compensation Plan and then select Forms from the top navigation bar. Employees will enter the amount of the bonus they wish deferred or "all," if they wish the entire amount available deferred.

The amount of bonus contributed counts toward the 2012 457 plan annual limit of \$17,000 or \$22,500 if age 50 or over. No employer cash match is paid on the bonus.

FICA tax must be paid on the amount that is contributed. Additionally, the amount not deferred due to FICA taxes becomes taxable for state and federal income taxes. To determine the full amount deferrable, go to DOA's website using the link below and click on Maximum Deferral Calculations Spreadsheet. The annual maximum deferral amounts continue to apply.

http://www.doa.virginia.gov/Payroll/Forms/Payroll_Forms_Main.cfm

State employees who are planning to enroll in the 457 Plan and take advantage of this tax-deferred savings opportunity should submit the Enrollment and Beneficiaries to ING, the Plan record keeper, by October 1, 2012. Mail or fax the Enrollment and Beneficiary Designation Forms to the address on the forms.

Employees may enroll by phone by calling the toll free Plan Information Line at 1-VRS-DCPLAN1 (1-877-327-5261). Select Option 1 from the main menu, press 0 and follow the prompts to be transferred to a representative for assistance.

If the employee has the password sent by ING when they became the record keeper, enrollment can be done online. The employee would go to www.varetire.org and select Account Log-in under the Defined Contribution Plans tab.

30. Can employees defer the bonus from CY2012 to CY2013?

No. If the payment is deferred, the deferral must be based on the November 30, 2012 effective date and it must count toward the Calendar Year 2012 maximum deferral amount.

31. Can the bonus payment be direct deposited into another IRA?

Employees interested in doing so are strongly encouraged to transfer the bonus payment from an existing direct deposit account to other personal accounts themselves rather than establishing one-time direct deposit accounts for the purpose of this one-time payment.

EFFECT OF THE BONUS ON OTHER BENEFITS AND PAYMENTS

32. Is the bonus considered creditable compensation for retirement, group life, and STD and LTD benefits?

No, bonus payments are not considered to be creditable compensation.

33. Will the bonus affect an employee's overtime pay rate?

No. The bonus payments are considered discretionary, and agencies will not be required to count them as part of regular hourly rates when computing overtime payments to employees who are covered (non-exempt) by the Fair Labor Standards Act (FLSA).

EFFECT OF LEAVE ON BONUS PAYMENTS

34. What happens to employees on leave April 1, 2012?

Being on paid or unpaid leave, other than VSDP Long-Term Disability non-working, on April 1, 2012 does not disqualify classified employees from receiving the November 30, 2012 bonus payment.

35. If an employee was on Long-Term Disability, non-working, on April 1, 2012, but returns to work before November 24, 2012, is he or she eligible for the bonus?

No. If the employee is on Long-Term Disability, non-working, on either April 1, 2012 or November 24, 2012, the employee is not eligible.

36. What happens if an employee goes into Long-Term Disability non-working after April 1, 2012 and returns to a paid status before November 24, 2012?

A classified employee in this situation is eligible for the November 30, 2012 bonus payment.

NOTE: It may be necessary for agencies with employees in this situation to request non-routine processing of the bonus by DHRM.

37. What happens to employees on leave November 30, 2012?

A classified employee who meets other eligibility criteria and is on paid or unpaid leave on November 30, 2012 may have his or her award affected as indicated in the chart below:

LEAVE TYPE	EFFECT ON BONUS
Annual, Sick, Overtime, Compensatory, Family and Personal, Community Service, Military, Bone Marrow or Organ Donation, Recognition, Civil/Work-related, Workers' Compensation, VSDP Short-Term Disability	Paid on 11/30/12 based on VRS-creditable PMIS salary on 11/24/12.
Educational Leave-paid	Bonus applied to current PMIS earnings; balance paid on return to work based on pre-leave VRS-creditable PMIS salary.
Educational Leave-unpaid	Paid when employee returns to work, based on pre-leave (11/24/12) VRS-creditable PMIS salary.
VSDP Long-Term Disability, non-working	Employee is not eligible for a bonus payment.
VSDP Long-Term Disability, working	Paid on 11/30/12, based on VRS-creditable PMIS salary on 11/24/12.
Leave Without Pay-Layoff	Paid only upon recall or placement in original agency (based on former salary) if no later than 6/10/13. Paid if on LWOP-Layoff on 4/1/12 and re-hired by a different agency prior to 11/24/12.
Temporary Workforce Reduction- non-working	Paid based on VRS-creditable PMIS salary on 11/24/12 when employees is reinstated from leave.
Temporary Workforce Reduction- reduced hours	Paid on 11/30/12 based on <u>unreduced</u> VRS-creditable PMIS salary on 11/24/12.
Leave Without Pay-Military	Paid when employee returns to work, based on VRS-creditable PMIS salary on 11/24/12.
Leave Without Pay-Other	Paid when employee returns to work, based on VRS-creditable PMIS salary on 11/24/12, if return is prior to 6/10/13.
Non-Working 9-11-month (Full-time) Classified Employees	Bonus is paid when employee returns to work, based on VRS-creditable PMIS salary on 11/24/12.

NOTE: The rules outlined above are based on policies that apply to classified employees. Agencies with non-classified employees should follow their agency leave policies and procedures.

SOURCE

2012 Appropriation Act (2012 Virginia Acts of Assembly, Chapter 890, Item 468, M.1.)

All classified employees of the Executive Branch and other full-time employees of the Commonwealth, except elected officials, who were employed on April 1, 2012, and remain employed until at least November 24, 2012, shall receive a one-time bonus payment equal to three percent of base pay on December 1, 2012, contingent upon additional general fund resources equaling or exceeding \$77,200,000 from the combination of actual general fund revenue collections for fiscal year 2012 exceeding the official fiscal year 2012 revenue estimate contained in the first enactment of the 2010-12 appropriations act, as amended by the 2012 session of the General Assembly, and by any discretionary unspent general fund appropriations recommended by the Governor for reversion at the end of fiscal year 2012. In the event that the total of all funds provided for in this paragraph are insufficient to fully fund the general fund cost of the three percent one-time bonus payment, such bonus payment shall be prorated to a percent of base pay for the general fund payroll that equates to the amount of total general fund resources provided.